



## **Frequently Asked Questions about Withholding State and Federal Income Taxes from Unemployment Insurance Benefits**

Due to a change in Indiana law, beginning Wednesday, July 30, 2014, Hoosier unemployment insurance recipients who have chosen to have federal income taxes withheld from their weekly unemployment benefits will also have state income taxes withheld. New recipients can also choose to have state and federal income taxes withheld from their weekly benefits when they are filing their initial claim for benefits in Uplink, Indiana's online filing system.

### **Why is this happening?**

Recipients have always been able to choose to have federal income taxes withheld from weekly benefits in Uplink, Indiana's online filing system. Due to a recent change in Indiana law, state income taxes will also be withheld from weekly benefits for those recipients who have chosen to have federal income taxes withheld.

### **Can I choose to only withhold state or federal income taxes?**

No. Recipients can only choose to have both federal and state income taxes withheld or neither.

### **I already chose to have federal income taxes withheld when I filed my initial claim. What do I have to do to also have state income taxes withheld?**

Recipients who have already chosen to have federal income taxes withheld will automatically have state income taxes withheld.

### **How much money is withheld from benefit payments for federal and state income taxes?**

If a recipient chooses to have state and federal income taxes withheld, Uplink, Indiana's online filing system will automatically withhold 10% of weekly benefits for federal income taxes and 4% for state income taxes, for a total of 14% of the weekly benefit amount.

- For example, if a recipient receives the maximum benefit of \$390 per week, \$39, or 10% will be withheld for federal income taxes and \$16, or 4% will be withheld for state income taxes, for a total of \$55 per week.

### **I currently do not have income taxes withheld from weekly benefits. How do I choose to have income taxes withheld from now on?**

Recipients can only choose to have income taxes withheld when they are filing their initial claim.

### **I currently have income taxes withheld from weekly benefits. Can I choose to no longer have income taxes withheld?**

Individuals cannot choose to end tax withholding until a future initial claim is filed.

### **At what point in the process can I choose to have federal and state income taxes withheld from weekly benefits?**

Individuals choose to have state and income taxes withheld in Uplink, Indiana's online filing system, during the initial claim filing process.

### **How do I select to have state and federal income taxes withheld from weekly benefits?**

During the process of filing an initial claim in Uplink, Indiana's online filing system, individuals will be prompted to choose whether to have state and federal income taxes withheld from weekly benefit payments.